GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure & Investment Department – APMB - Development of M/s Kakinada Gateway Port Ltd., at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT) – Reimbursement of SGST & Exemption from Payment of Seigniorage fee to KGPL - Orders - Issued.

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INFRASTRUCTURE & INVESTMENT (PORTS) DEPARTMENT

G.O.Ms.No.10 Dated:21.07.2023

Read the following:

1. G.O.Ms.No.20, E,I&I(Ports) Dept. dated 26.06.2018
2. Concession Agreement dated 21.11.2018
3. G.O. Ms.No 3, I & I department (Ports) Dept, dt 10.03.2021
4. Govt. Memo No.227/Ports.II/2016, dated 07.05.2022
5. Letter No.SE/PP2/3502/2011/KGPL, dated 17.08.2022 of CEO, APMB
6. Letter No.SE/PP2/3502/2011/KGPL, dated 22.12.2022 of CEO, APMB
7. G.O.Ms.No.22, Industries & Commerce (P&I) Dept. dt.19.03.2023
8. Minutes of State Investment Promotion Board (SIBP) meeting held on 11.07.2023

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ORDER:

In the reference 1st read above, Government have issued orders awarding the Concession to M/s.Kakinada SEZ Ltd., for development of Commercial Port at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT). M/s. Kakinada Gateway Port Limited has signed the Concession Agreement on 21.11.2018 for development of Greenfield Commercial Port at Kona Village, Thondangi Mandal, EG Dist. of A.P. on DBFOT (Design, Build, Finance, Operate and Transfer) basis.

2. In the reference 3rd read above, Government approved the acquisition of 99.74% of the share by M/s Aurobindo Realty & Infrastructure Pvt Ltd in Kakinada SEZ Ltd. But, Govt has not waived the condition of holding minimum stipulated equity. Government also approved GMR SEZ & Port Holdings Ltd (GSPHL) to acquire 26% of equity from Kakinada SEZ and hold in Kakinada Gateway Port Limited. Also GMR SEZ & Port Holdings Ltd shall hold not less than 5% of the total project cost till COD plus 2 years once the acquisition is complete.

3. In the reference 4th read above, Government have approved the Financing Agreement and declare the appointed date in line with the Concession Agreement with a condition that the Concessionaire shall fulfil all the conditions and any failure thereof give rise for revisiting the agreement in terms of Clause 24.2 and ensure that, APMB shall propose a new milestone-based timelines both

for financial investment and project implementation and monitor the same directly and through Independent Engineer appointed for the project for development of Kakinada Gateway Port Limited.

4. In the references 5th and 6th read above, the CEO, APMB has submitted that M/s. KGPL has requested to accord exemption from Sales Tax/VAT/GST and Entry Tax for all inputs required and to accord exemption from payment of seigniorage fee / cess on minor minerals for project construction until the commercial operations date of the first Phase as per the terms laid down in the Schedule – X State Support Agreement of Concession Agreement as per Clause No.2.4(i)and 2.4 (iii). The CEO, APMB has submitted as per Clause 47.3 – State Support of Concession Agreement above, the Authority shall also provide fiscal/ non-fiscal incentives as specified in the State Support Agreement in Schedule – X. The Clause 2.4 (i) to (iii) Schedule X (State Support Agreement of the Concession Agreement) stipulates as below:

i. *"Exemption of sales Tax/VAT/GST/ and Entry tax on all inputs required for project construction until the commercial operations date include in the concession agreement. In case project is taken up in different phases, the Exemption shall extended only until the commercial Operation Date of the first phase of the project"*
ii. *Exemption of Stamp duty, and registration fees on the first transfer of land.*
iii. *"Exemption from payment of seigniorage fees-i.e., cess on minor minerals and labour-for project construction activities until the commercial operations date of the first phase of the Project indicated in the Concession Agreement."*

5. The CEO, APMB has submitted the current status of the Phase-1 construction of the KGPL Project and requested the Government to accord exemption from Sales Tax/VAT/GST and Entry Tax and also exemption from payment of seigniorage fee/ cess on minor minerals for Project construction activities until the Commercial Operations Date of the first Phase as per the terms laid down in the Schedule – X State Support Agreement of Concession Agreement as per Clause No.2.4 (i) and (iii).

6. The Director, Mines & Geology, AP., has stated that under provisions of schedule 5 of APIDE Act, exemption from payment of Seigniorage fee may be considered until the commencement of commercial operations of the respective project and permission may be accorded for exemption of payment of Seigniorage fee, DMF, Merit and Consideration amount of Rs.71.11 Crores to M/s Kakinada Gateway Port Limited.

7. The proposal was placed before State Investment Promotion Board (SIBP) meeting held on 11.07.2023 and the State Investment Promotion Board (SIBP) discussed the proposal in detail and decided as follows:

1. 100% reimbursement of SGST paid on the inputs as per the Industrial Development Policy 2023-27 issued vide G.O.Ms.No.22 Industries and

Commerce (P&I) Department Dated 19.03.2023 as advised by the Revenue (CT) Department in terms of the provision under clause 2.4(i) in Schedule X of State Support Agreement of Concessionaire agreement, dated 21.11.2018.

2. Exemption from payment of seigniorage fee, District Mineral Fund (DMF), Merit and consideration amount of Rs. 71.11 Crore as per clause 2.4(iii) in Schedule X of State Support Agreement of Concessionaire agreement, dated 21.11.2018 as advised by the Finance and Mines Department.

The above benefits would be provided till the commencement of commercial operations of the 1st phase.

8. Government after careful examination of the recommendations of the State Investment Promotion Board (SIBP) hereby extend the following benefits to M/s. Kakinada Gateway Port Limited at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT) as per the State Support Agreement of the Concession Agreement dated 21.11.2018.

a) Providing 100% reimbursement of SGST paid on the inputs (in documentary evidence) to M/s Kakinada Gateway Port Limited till commencement of commercial operations for Phase-I Construction of the Project as per the Industrial Development Policy (IDP) 2023-2027 issued vide G.O.Ms.No.22, Industries and Commerce (P&I) Department dt.19.03.2023 in terms Clause 2.4 (i) Schedule X of State Support Agreement of the Concession Agreement, dated 21.11.2018.

b) Accord Exemption from payment of Seigniorage fee, District Mineral Fund (DMF), Merit and Consideration amount of Rs.71.11 Crores to M/s Kakinada Gateway Port Limited till commencement of commercial operations for Phase-I Construction of the Project as per the Clause 2.4 (iii) Schedule X of State Support Agreement of the Concession Agreement dated 21.11.2018.

9. The Chief Executive Officer, APMB shall take all necessary further action in the matter accordingly.

10. This order issues with the concurrence of Finance Department, vide their U.O.No. FIN-45027/501/2017-SO(FMU(REV.I)-FINANCE, dated 03.04.2023.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

R.KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, APMB, Kakinada.
M/s.Kakinada Gateway Port Limited, Road No.6, Siddartha Nagar, Kakinada, through the CEO, APMB, Kakinada
The Revenue (CT) Department, AP Secretariat
The Industries & Commerce Department, AP Secretariat.

The Industries & Commerce (Mines) Department, AP Secretariat.
The Director, Mines & Geology, AP, Vijayawada
The Port Officer, Kakinada
Copy to:
The OSD to Special Chief Secretary to Hon'ble CM
The OSD to Hon'ble M(I&I)
The Finance (Exp.FMU-IIEIC) Department
The GA(Cabinet) Dept., AP Secretariat.
The PS to Spl.C.S., I&I Department.
Sf/sc(227/Ports.II/2016-88023)

//FORWARDED :: BY ORDER//

B. Venkateswarlu
SECTION OFFICER